

**MINUTES
BOARD OF TRUSTEES OF THE
PUBLIC EMPLOYEES' RETIREMENT FUND
The Woodstock
Ball Room
1301 West 38th Street
Indianapolis, Indiana 46208**

**May 16, 2008
8:30am - 4:00pm**

ANNUAL MEETING

Board Members Present

Ken Cochran, Chair
Kevin Boehnlein, Vice Chair
Bob Welch
Ryan Kitchell
Cynthia Walsh

Board Members Absent

Matt Murphy

Others Present

Doug Kryscio, Mercer Investment Consulting
Kristin Finney-Cooke, Mercer Investment Consulting
Rick Kinsley, The Kinsley Group
Ken Brody, Taconic
Gary Gorton, Wharton
Tom Kushner, AIG
Andrew Weiss, AIG
Jeb Burns, Michigan MERS

PERF Staff Present

Terren Magid, Executive Director
Will Frayer, Staff Attorney
Steven Barley, Chief Operations Officer & Deputy Director
Jeff Hutson, Director of Communications
Shawn Wischmeier, Chief Investment Officer
Patricia Bush, Chief Financial Officer
Dave Huffman, Chief Technology Officer & Deputy Director
Janell Gurney, Director of Human Resources
Sandra Wilson, Executive Assistant
Jeri Mains, Legal Assistant

Meeting called to order at 9:03 am by Chairman Cochran.

I. Administrative Items

• Guaranteed Fund Rate Approval

Terren Magid welcomed everyone to the Board Retreat. He introduced Shawn Wischmeier to present the Guaranteed Fund rate approval. Mr. Wischmeier discussed the ASA Guaranteed Fund Rate and that State Statute requires the rate to be set annually by the PERF Board. The current rate-setting methodology was adopted by the PERF Board at the March 19, 2004 meeting and is currently 6.5%. Staff recommends the rate be set according to the 5-year average of the Wall Street Journal T. Rowe Price Guaranteed Investment Contract Rate. Using this methodology staff recommends the guaranteed rate to be 6.00% for FY2009.

MOTION duly made and carried to approve decreasing guaranteed fund rate from 6.50% from FY2008 to 6.00% for FY2009.

Proposed by: Bob Welch
Seconded by: Cynthia Walsh
Votes: 4 in favor, 0 opposed

• Scorecard Metrics

Mr. Wischmeier discussed the current scorecard metrics for investments with the Board. Mercer and Staff recommended modifications to the current metrics. The revised metrics will more appropriately reflect the performance of the plan on an ongoing basis. The Board agreed to start utilizing the revised metrics.

II. Commodities

Mr. Wischmeier introduced Gary Bernard Gorton with Wharton Business School, Tom Kushner and Andrew Weiss with AIG, and Jeb Burns with Michigan MERS. Mr. Gorton began the Commodities presentation discussing Commodity Investing, generally. Mr. Gorton discussed recent growth in commodity futures and the long term performance of commodity futures. Mr. Burns discussed MERS (Michigan Municipal Employee's Retirement System), their asset allocation and return assumptions. Mr. Burns also discussed MERS's reasons to invest in commodities, the factors that went into its board's decision, and how MERS implemented the program.

III. Current Topics in Investment Management

Shawn Wischmeier introduced Ken Brody with Taconic to the board to discuss current topics in institutional investment management. Mr. Brody discussed various topics related to his experiences as chairman of the University of Maryland fund and as a hedge fund manager.

IV. Strategic Planning Session

Mr. Magid introduced Rick Kinsley with The Kinsley Group to the Board to facilitate a Strategic Planning session. The session began with PERF's Mission Statement along with the Strategic Planning directive found in the PERF Board Governance document. Following was a discussion of six suggested goals with corresponding objectives.

V. Adjournment

Adjourned at 3:01 p.m.

